

FISCAL NOTE
[Second Reprint]
SENATE, No. 3798
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: NOVEMBER 23, 2021

SUMMARY

Synopsis: Eliminates premiums and waiting periods for certain NJ FamilyCare enrollees and directs DHS to implement additional targeted outreach initiatives to increase enrollment.

Types of Impact: Annual expenditure and revenue increases, General Fund.

Agencies Affected: Department of Human Services; Department of Banking and Insurance; Department of Education.

Executive Estimate

Fiscal Impact	<u>FY 2022</u>
State Expenditure Increase	\$38,500,000
State Revenue Increase – Federal Cost Reimbursement	\$18,500,000

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2022</u>	<u>Annually Thereafter</u>
State Expenditure Increase	\$37,400,000 - \$94,300,000	\$67,400,000 - \$124,300,000
State Revenue Increase – Federal Cost Reimbursement	\$18,200,000 - \$46,700,000	\$38,200,000 - \$66,700,000

- The Office of Legislative Services (OLS) determines that the Executive estimate for FY 2022 falls within the range of plausible outcomes. The Executive did not provide a fiscal estimate for subsequent fiscal years.
- For fiscal years subsequent to FY 2022, the OLS estimates that this bill will cost the State between \$67.4 million and \$124.3 million annually, with an increase in revenue associated with federal cost reimbursements under Medicaid and the Children’s Health Insurance Program of between \$38.2 million and \$66.7 million annually.

- The OLS estimates for fiscal years subsequent to FY 2022 include the fiscal impacts of eliminating Children’s Health Insurance Program premiums. The FY 2022 estimates do not consider the elimination of the premiums because they are already suspended under federal law until the expiration of the current federal public health emergency.

BILL DESCRIPTION

This bill eliminates premium payment requirements and the current 90-day waiting period prior to enrollment for children who were voluntarily disenrolled from employer-sponsored group insurance, both under the Children’s Health Insurance Program, a component of the NJ FamilyCare program.

Furthermore, the bill expands and strengthens existing NJ FamilyCare outreach and enrollment efforts in coordination with the Department of Education and the State-Based Health Insurance Exchange that is operated by the Department of Banking and Insurance.

The bill also appropriates \$20 million annually to implement its provisions.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive has not submitted a formal fiscal note for this bill. However, in response to an FY 2022 OLS Discussion Point, the Department of Human Services estimated the cost in FY 2022 of the Cover All Kids Initiative, which this bill would enact. The cost estimate assumes that there are 88,000 uninsured children across New Jersey, of which 53,000 would be eligible for enrollment in NJ FamilyCare.

In all, the department projected that the initiative will cost the State \$68.5 million to implement in FY 2022 and generate \$38.5 million in federal cost reimbursements.

Of note, these amounts include an estimated \$30.0 million in State costs, of which the federal government would reimburse the State an estimated \$20.0 million, for the elimination of Children’s Health Insurance Program premiums. Because these premiums are suspended during the current federal public health emergency, however, the department does not attribute any costs to this provision in FY 2022. As a result, the Governor’s FY 2022 Budget only includes \$38.5 million for the Cover All Kids initiative, of which the federal government is estimated to reimburse the State \$18.5 million, thereby yielding a net State cost of \$20.0 million.

Department of Human Services FY 2022 Cost Estimate for Cover All Kids Initiative			
Cost Factor	Total State Cost	Federal Cost Reimbursement	Net State Cost
Increased Medicaid and Children’s Health Insurance Program Enrollment	\$29,500,000	\$14,500,000	\$15,000,000
Removal of Children’s Health Insurance Program Waiting Period	\$6,000,000	\$4,000,000	\$2,000,000
Enhanced Outreach Efforts	\$3,000,000	\$0	\$3,000,000
TOTAL	\$38,500,000	\$18,500,000	\$20,000,000

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that the Executive estimate of the FY 2022 impacts falls within the range of plausible outcomes. For subsequent fiscal years, the OLS estimates that this bill will cost the State between \$67.4 million and \$124.3 million annually, with an increase in revenue associated with federal cost reimbursements under Medicaid and the Children’s Health Insurance Program of between \$38.2 million and \$66.7 million annually.

These amounts exceed the FY 2022 estimates because the fiscal impacts of eliminating Children’s Health Insurance Program premiums will become attributable to the bill only upon the expiration of the current suspension of the premiums during the current federal public health emergency. Until then the premiums are suspended irrespective of the enactment of this bill.

OLS Cost Estimate for Cover All Kids Initiative, Annual Impacts After FY 2022			
Cost Factor	Total State Cost	Federal Cost Reimbursement	Net State Cost
Increased Medicaid and Children’s Health Insurance Program Enrollment	\$28,400,000 to \$85,300,000	\$14,200,000 to \$42,700,000	\$14,200,000 to \$42,700,000
Removal of Children’s Health Insurance Program Waiting Period	\$6,000,000	\$4,000,000	\$2,000,000
Enhanced Outreach Efforts	\$3,000,000	\$0	\$3,000,000
Elimination of Children’s Health Insurance Program Premiums	\$30,000,000	\$20,000,000	\$10,000,000
TOTAL	\$67,400,000 to \$124,300,000	\$38,200,000 to \$66,700,000	\$29,200,000 to \$57,700,000

For purposes of maintaining the comparability of the Executive and the OLS estimates, the OLS accepts the Department of Human Services projections of the fiscal effects of the enhanced outreach efforts and the removal of the 90-day waiting period prior to enrollment in the Children’s Health Insurance Program for children who were voluntarily disenrolled from employer-sponsored group insurance. The OLS, however, does not have sufficient information to confirm or contest the Executive projections.

The most significant portion of the State cost and revenue increases is associated with enrollment growth in the NJ FamilyCare program, which is comprised of Medicaid and the Children’s Health Insurance Program, as a result of the enhanced outreach efforts.

As indicated above, the Department of Human Services estimates that 53,000 children without health insurance are eligible for enrollment in NJ FamilyCare. The OLS assumes that between 20 percent and 60 percent of the 53,000 children will enroll in NJ FamilyCare due to the enhanced outreach efforts. The result is an increase of between \$28.4 million and \$85.3 million in annual NJ FamilyCare benefit expenditures, with a corresponding increase in federal matching fund revenue of between \$14.2 million and \$42.7 million. This estimate assumes an average annual cost per child of \$2,669, which is the average of annual costs per child under Medicaid and the Children’s Health Insurance Program, as presented in the Governor’s FY 2022 Budget.

The uptake rate of 20 percent to 60 percent considers that the outreach efforts will enhance not only existing efforts funded by the State but also efforts associated with a \$1.5 million federal grant received by the Department of Human Services in 2019 in conjunction with the Helping Ensure Access for Little Ones, Toddlers and Hopeful Youth by Keeping Insurance Delivery Stable Act. According to the Centers for Medicare and Medicaid Services, the department is using these funds to enhance prior outreach, enrollment, and retention efforts in

Medicaid and the Children's Health Insurance Program by creating a new web-based portal where parents or guardians of potentially eligible children identified by schools or by the Supplemental Nutrition Assistance Program can access a program application that has been pre-populated with their information, facilitating its submission and eligibility determinations. The department will also provide training and resources for providers that make Medicaid or Children's Health Insurance Program presumptive eligibility determinations for children and parents and outreach to their parents or guardians so that they can easily transition to permanent program coverage.

The OLS also concludes that the Department of Human Services may realize indeterminate reductions in annual administrative expenditures as it will no longer have to manage premium payments and the 90-day waiting period for certain children under the Children's Health Insurance Program. For example, regarding the waiting period, the department is currently required to: 1) assess whether children applying for coverage qualify for a good cause exceptions; 2) track children subject to the waiting period and enroll them upon the expiration thereof; and 3) transfer applications denied during the waiting period to the Marketplace to determine if they qualify for financial assistance in purchasing a qualified health plan.

Section: Human Services

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This fiscal note has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).